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Proposed programme budget for the biennium 2014-2015

Proposed terms of reference for the representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 68/247, in which the Assembly requested the Secretary-General, in consultation with the United Nations Joint Staff Pension Board, to prepare detailed terms of reference for the proposed full-time post of representative of the Secretary-General at the Assistant Secretary-General level. The Assembly is requested to take note of the terms of reference and approve the establishment, with the resources of the Fund, of a post at the Assistant Secretary-General level for a full-time representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund.

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I. Background

1. In its report on the administrative expenses of the United Nations Joint Staff Pension Fund and amendments to the regulations of the Fund (A/68/303), the United Nations Joint Staff Pension Board proposed the establishment at the Assistant Secretary-General level of the post of full-time representative of the Secretary-General for the investments of the Fund, to be funded from the resources of the Fund pursuant to article 15 of its regulations. The functions of the representative of the Secretary-General are currently being performed on a part-time basis by a senior United Nations official. The Board also proposed a revision to the Fund's regulations relating to the full-time representative to include a provision for the Secretary-General to consult the Board before appointing his representative.

2. In section VII of resolution 68/247 on special subjects relating to the proposed programme budget for the biennium 2014-2015, the General Assembly decided upon matters relating to the administrative expenses of the Pension Fund. In paragraph 7 of section VII of that resolution, the Assembly recognized the importance of establishing a full-time representative of the Secretary-General for the investment of the assets of the Fund but decided to defer approval of the matter to the first part of its resumed sixty-eighth session. In paragraph 8 of section VII of the same resolution, the Assembly requested the Secretary-General to prepare, in consultation with the Pension Board, detailed terms of reference for the post outlining, inter alia, key responsibilities, qualifications, appointment criteria, terms and duration of service, level and reporting lines, to be reviewed by the Advisory Committee on Administrative and Budgetary Questions and presented to the Assembly at the first part of its resumed sixty-eighth session.

3. Following consultations with the Pension Board, the requested terms of reference have been drafted and are contained in the annex to the present report.

II. Action to be taken by the General Assembly

4. The General Assembly is requested to take note of the terms of reference and to approve the establishment of a post at the Assistant Secretary-General level for a full-time representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund.

Annex

Draft terms of reference of the representative of the Secretary-General (Assistant Secretary-General) for the investment of the assets of the United Nations Joint Staff Pension Fund

1. Article 19 (a) of the regulations of the United Nations Joint Staff Pension Fund (UNJSPF) provides that the investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the United Nations Joint Staff Pension Board on the investments policy. The General Assembly, in its resolution 35/216 B, reaffirmed the fiduciary responsibility of the Secretary-General for the interests of the participants and beneficiaries of the Fund under the Regulations and Rules of the Fund.[a] In addition, on numerous occasions, the Assembly has emphasized that the Secretary-General's decisions concerning the investment of the assets of the Fund should be guided by the key criteria of safety, profitability, liquidity and convertibility.[b]

2. In order to assist the Secretary-General in carrying out the fiduciary responsibilities for the investment of the assets of the Fund, the Secretary-General shall appoint a representative for the investment of the assets of the Fund. He or she shall serve a five-year term and shall be eligible for reappointment for a further period to be determined by the Secretary-General in consultation with the Pension Board. The representative shall oversee the Investment Management Division of UNJSPF. The position is located in the UNJSPF secretariat and reports directly to the Secretary-General.

Responsibilities

3. The representative of the Secretary-General, reporting to the Secretary-General and in consultation with the Investments Committee of the Fund and in the light of observations and suggestions made from time to time by the Pension Board on investments policy, will exercise discretionary authority over the investment of the assets of the Fund and will be responsible for the overall investment policy and for the management of the Investment Management Division.

4. The representative of the Secretary-General will lead the increasingly complex and demanding investment operations in terms of strategy and policy analysis, asset liability management, asset allocation, portfolio management and investment decision-making; risk management and compliance and monitoring; and back office accounting, trade settlement, cash management and systems and information technology requirements. The representative, supervising the Chief Investment Officer, the Chief Risk Officer, the Chief Operating Officer and the Chief Financial Officer (Fund-wide), will ensure that all the operations and functions of the Investment Management Division are properly coordinated and coherent, are

[a] See also resolution 35/216 A, in which the General Assembly reaffirmed its confidence in the Secretary-General as trustee of the assets of the Fund.

[b] See, for example, resolutions 35/216 A and 36/119 A to C. The General Assembly referred to the four essential requirements as being "established" criteria (see resolution 49/224, sect. VII, para. 2).

aligned to safeguard the fiduciary responsibilities, support the goals of the office and enhance the sustainability of the Fund. He or she will work closely with the Chief Executive Officer of the Pension Fund. The representative of the Secretary-General is responsible for the establishment of the investment policy, the strategic and tactical asset allocation and the appropriate investment strategy in consultation with the Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on investments policy. He or she will oversee the implementation of investment decisions and ensure that the approved investment policy and asset allocation are followed. He or she is responsible for carrying out the responsibilities of the Secretary-General under article 19 (b) of the regulations of UNJSPF to maintain detailed accounts of all investments and other transactions relating to the Fund and, more generally, for reporting to the Pension Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on the Fund's investments.

5. Within delegated authority, the representative of the Secretary-General will provide overall leadership, direction and management of the operations of the Investment Management Division. This will involve the following:

(a) **Investments**. In consultation with the Investments Committee, established in accordance with article 20 of the regulations of UNJSPF, and in the light of observations and suggestions made from time to time by the Pension Board on investments policy, the representative will be responsible for establishing an investment strategy and a coherent framework of investment operations aimed at meeting the long-term, real rate of return goal. In consultation with the Investments Committee, he or she will define the Investment Management Division's globally diversified portfolio and the strategic and tactical asset allocation of the Fund; define the main investment strategies for diversified portfolios to generate investment returns corresponding to the long-term, real rate of return issued in the Fund's actuarial assumptions to meet its long-term obligations; ensure adherence to the investment criteria established by the General Assembly (i.e. safety, profitability, liquidity and convertibility) and to the objectives of preserving the principal of the Fund and of obtaining optimal investment return without undue risk; ensure consistency between investments and overall established risk tolerance; ensure the implementation of the established investment strategy and asset allocation; and conduct general monitoring and management of the investments and portfolio management;

(b) **Risk and compliance**. The representative of the Secretary-General will ensure the establishment and maintenance of appropriate internal controls and risk management systems;

(c) **Operations**. The representative of the Secretary-General will ensure the alignment of the operations and information systems technology with the Fund's investment strategy and policy;

(d) **Accounting**. The representative of the Secretary-General will be responsible for carrying out the responsibilities of the Secretary-General under article 19 (b) of the regulations of UNJSPF to maintain detailed accounts of all investments and other transactions relating to the Fund and ensure the integrity and reliability of investment data reflected in the financial statements of the Fund, as well as implement adequate financial controls and risk management on investments;

(e) **Intergovernmental bodies**. The representative of the Secretary-General will liaise with the Pension Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on the performance of the Fund's investment, providing answers and explanations to questions on performance, structure of the portfolio, investment policies and strategies, custodial arrangements, global economic and market conditions, investment forecast/outlook and requirements for the financing of operations; present proposals on the financing and servicing of the Investment Management Division; and liaise and work closely with the Pension Board and its committees;

(f) **Oversight bodies**. The representative of the Secretary-General will liaise and consult with the Fund's oversight bodies (Board of Auditors, Audit Committee of the Fund, Office of Internal Oversight Services) and ensure the implementation of the accepted recommendations of such oversight bodies as appropriate.

6. The representative of the Secretary-General for the investment of the assets of the Fund must also work closely and effectively with the Chief Executive Officer of the Fund within the administration of their respective functions. This is necessary in order to ensure that the two integral and functionally separate components of the Pension Fund, assets and liabilities, are fully served administratively and work together to meet the Fund's asset-liability goals and requirements, which are set in consultation with the Investments Committee and the Committee of Actuaries and reflect the observations and suggestions from the Pension Board.

Competencies

Professionalism: demonstrated competence in and adherence to standards of conduct in his or her profession and in the application of best practices; strong conceptual and analytical skills; proven conscientiousness and efficiency in meeting commitments, observing deadlines and achieving results; ability to direct, review and guide the work of others, particularly in terms of substantive soundness.

Vision: demonstrated ability to identify strategic issues, opportunities and risks and to generate and communicate broad and compelling organizational direction and objectives to all stakeholders.

Leadership: proven track record of excellent management and technical leadership skills; demonstrated ability to deal effectively with sensitive or contentious matters in stressful situations; proven ability to develop clear goals that are consistent with agreed strategies and to establish good relationships and build team spirit with a broad range of people; demonstrated competence for incorporating gender perspectives and ensuring the equal participation of women and men in all areas of work; demonstrated knowledge of strategies and commitment to the goal of gender balance in staffing.

Planning and organizing: demonstrated excellence in successful planning with strong managerial skills; proven ability to plan and establish priorities and to ensure effective work structure to maximize productivity and achieve goals.

Judgement/decision-making: mature judgement and initiative, imagination and resourcefulness, energy and tact; demonstrated ability to provide strategic direction; proven ability to identify key issues in complex situations and to take adequate decisions while being aware of the impact on others and the Organization.

Communication: excellent oral and written communication and negotiation skills with proven ability to defend and explain difficult issues with respect to key decisions and positions to intergovernmental bodies, senior officials and staff; proven ability to communicate complex concepts orally; ability to prepare written reports that are clear, concise and meaningful.

Teamwork: good interpersonal skills; demonstrated ability to work in a multicultural, multi-ethnic environment and to maintain effective working relations; ability to lead and gain the assistance of others in a team endeavour.

Qualifications

Education

Advanced university degree (master's degree or equivalent) in business management, macroeconomics, banking and portfolio investment theory and practice.

Work experience

Over 20 years of proven progressively responsible experience in the management of economic, social security and/or financial policies and activities for governmental or intergovernmental organizations or for substantial private concerns, including, in the latter case, dealing with the management of the investment of complex portfolios of assets of various classes and in financial markets worldwide. Demonstrated knowledge of and experience in managing financial, economic and investment policies, including:

(a) Defining and overseeing investment policy for substantial and diversified investment portfolios having long-term return objectives, including policies for investment objectives, risk appetite and tolerance, the risk framework, the investment milieu, restrictions on investments, and social responsibility considerations;

(b) Developing strategic asset allocation for portfolios aiming for long-term rates of return, particularly for defined-benefit pension or other similar long-term social security and similar benefit schemes where long-term asset-liability management considerations are paramount;

(c) Developing, implementing and monitoring investment strategies and overseeing research on economic and other trends affecting financial markets;

(d) Managing interdisciplinary and internationally diverse teams of financial professionals;

(e) Reporting to and coordinating with governing organs (e.g. legislative bodies, boards and committees) on investment, financial and/or technical matters.

Demonstrated excellent presentation and communication skills, with the ability to communicate investment strategies and results and ability to influence governing bodies, stakeholder groups, financial partners and suppliers/service providers. Knowledge of the United Nations and the United Nations system of organizations would be an asset.

Languages

English and French are the working languages of the United Nations Secretariat. For the post, fluency in oral and written English is required. Knowledge of other official languages is desirable.